

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
June 14, 2016

3:30 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING	Councilmember David Spencer
ELECTED OFFICIALS	Councilmembers Debby Lauret, Sam Lentz, Tom Macdonald, and Brent Sumner
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Neal Winterton, Water Division Manager; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder
EXCUSED	Richard F. Brunst and Mark Seastrand

Mr. Macdonald **moved** to nominate Mr. Spencer to act as the Mayor Pro Tem. Mrs. Lauret **seconded** the motion. Those voting aye: Debby Lauret, Sam Lentz, Tom Macdonald, Brent Sumner. The motion **passed unanimously**.

BOND REFUNDING – Water Infrastructure

Mr. Davidson introduced Laura Lewis with Lewis Young Robertson & Burningham Inc. (LYRB) to share how the City would like to proceed in saving the City money in a refund option.

Ms. Lewis said that this could be the easiest decision they make. She explained that interest rates are low, and while the current bonds are not callable until July 15, 2018, they are able to do advance refunding by creating new bonds for 2016. The proceeds of the bonds will be used to buy treasury securities which will go into an escrow, as well as towards the fees of the old bonds. Ms. Lewis explained that the 2008 bonds and 2016 bonds, when combined together, will for a short period look like the outstanding bond. However, on the call date, only the new 2016 bond will be outstanding; the City will no longer be responsible for the call portion of the bonds after they close on the refunding, which is scheduled to take place at the end of August.

Mr. Macdonald asked if for a period the City will have two sets of liabilities and one asset. Ms. Lewis stated that the asset fully defeases the bonds that are to be called, and then they are no longer the City's liability. Ms. Lewis said a third party group will conduct escrow sufficiency

verification; this is required before they can close, so that the bond holders know that they are no longer relying on the City. Rather, they are now relying on the escrow.

Ms. Lewis said that the new bond would be issued as tax exempt, and will not be extending the maturity. The City will simply be taking advantage of the savings. The true interest costs on the outstanding bonds is about 5.1 percent, whereas the true interest costs for the refunding bond will be about 2 percent. The savings will be about \$1 million on a net present value basis, or about \$89,000 per year. There will be no new money built in with the water projects, which means that a public hearing is not required. The only action item would be to adopt a parameters resolution next week, which will be setting the max bond amount as well as establishing a taxing committee. Ms. Lewis stated that the City should move forward with due diligence; while the interest rates are good present day, they are always subject to change. The Federal Government indicated that they would raise rates about four times this year, but this has yet to take place.

Mr. Sumner asked how many years the new bond would extend, to which Ms. Lewis answered 12 years.

Mr. Macdonald asked why this was not done before. Ms. Lewis said that there are indicators they watch, and there has not been a better time until now. She explained that tax law is such that once a City has outstanding tax exempt debt, they can only do advanced refunding prior to the call date. It is undesirable to have a lot of outstanding bonds that are not funding projects. LYRB tries to take advantage of timing which will be the most fortuitous to the City. As a minimum standard, they want to generate about a 3 percent net present value savings. The City will be able to leap over that threshold by refinancing now. Mr. Macdonald asked for the total dollar amount of the bonds, to which Ms. Lewis answered, will be \$5.8 million. The City will be saving between 15 percent to 20 percent net present value of savings. Ms. Lewis stated that the City will want to be cognizant of negative arbitrage, which is the difference of interest earned in escrow and the escrow cost. As it currently stands, the City's savings is more than double the negative arbitrage. She noted that the cost of the refinancing is built into the net savings.

Mr. Davidson said that this issue has been on the watch list for about two years. LYRB has been revisiting rates and negative arbitrage periodically. He said that since they are facing potential uncertainty with the interest rates, the time to pull the trigger is now.

Ms. Lewis said that they moved things forward due to the limited number of meetings in July. Bond related documents will be reviewed at the next Council meeting.

In response to a question from Mr. Lentz, Ms. Lewis said that the City will save a little under \$1.4 million. In the couple of years while waiting for call date, there will be some payments during which they will not be saving. Mr. Lentz stated that a side-by-side comparison would be helpful in moving forward with a decision. Ms. Lewis agreed, and said that they also have a sensitivity model they can get to the Council.

Mrs. Lauret asked if the savings would go into the water fund. Mr. Davidson said that it could, and that it could also go towards needs other than debt service.

In response to a question from Mayor Pro Tem Spencer, Ms. Lewis noted that the bond will extend to 2028.

Mr. Davidson asked if there were any other concerns. Mayor Pro Tem Spencer said that there is no additional risk or balance sheet exposure. Mr. Macdonald said that he was comfortable proceeding in getting everything in motion to facilitate this action.

ANNUAL REVIEW – Gang Loitering Free Areas

Chief Giles said that in 2009, the State passed Code Section 76-9-902, pertaining to gangs. He then identified what gangs are and defined the gang loitering issue. In August 2009, the Orem City Council passed a resolution designating City parks and public schools as gang loitering free areas. They also directed the Director of Public Safety, now the Chief of Police, to give a report on the effectiveness of the ruling. Chief Giles explained that gang activity in Orem has been fairly low for a long time. In the late 1990s, they pursued the issue hard, and put several individuals in jail to try to mitigate the issues. Over last several years, law enforcement has done a good job identifying when and where gang members have moved into the area. Oftentimes, it happens as people from out of the area move in. One way of identifying and tracking down gang members is by way of graffiti. He explained that they recently found graffiti which lead them to tracking down a gang member who had moved to the area with his mother from West Valley City. They found him immediately, and he is no longer in the area. In the past year, there have been 157 reports of graffiti and not all of them have been gang-related.

Chief Giles reported that on September 16th of last year, there was a fight and stabbing at 600 North Main. An individual ended up in the hospital and was not cooperative when the authorities tried to speak with him. Later, there was a drive-by shooting at the home where suspects lived. Investigators in the Orem Police Department conducted a successful investigation that lead to the arrest of four gang members. They were unable to identify the actual shooters, but they received many leads. On January 14th, complaints were received about a drug apartment, which ended up involving the same individuals who were also part of the drive-by shooting. A search warrant was granted to search the apartment, and there have not been any other problems since that time.

Mr. Macdonald asked if there is an increase in gang related activity during Summerfest or other large community gatherings. Chief Giles said that could happen sometimes, but not always; the real problems occur when members of rival gangs confront each other. However, because there is so much security at Summerfest, gangs usually avoid showing up. He reviewed some of the new tools that the Police Department uses to mitigate gang activity in the area.

Mayor Pro Tem Spencer said that the Citizen's Academy was starting soon, and was worth attending.

EDUCATION/OUTREACH – City Utilities

Mr. Tschirki presented samples of actual bills at an address showing water usage from June and July of 2015. In some cases 20 gallons were used, and in other instances 90 gallons were consumed within that billing period. It showed in red what the water usage would cost after November 1, 2016, once the new rates went into effect. An asterisk on the bill showed a comparison with the same amounts. Mr. Tschirki stated that he was open to hearing criticism, ideas, corrections, etc. from the Council, in order to make the billing simpler and straight forward.

Mr. Macdonald said that Mayor Brunst wanted to emphasize that a new State law required these tiered changes. He thought there should be an educational outreach to explain why. Mr. Tschirki said that a separate mailer will go out this month to explain the State changes.

Mr. Lentz suggested that the bill show what it would have been prior to the changes, so that residents can see the comparison. Mr. Davidson said it would be important to show the patrons how to read the bill. Mr. Tschirki said they will provide detailed instructions on the actual bill. They will also give patrons four months of sample bills to see what their bills will look like once the tiered system is implemented. Mr. Sumner said it would be important to point out the differences between meter sizes.

Mr. Lentz said that since they are implementing changes to water billing, perhaps similar communication could be shared regarding the sewer base rate. He stressed the importance of educating the public on the matter. Mr. Winterton said that the sewer base rate would not be increasing.

Mr. Tschirki said that the storm water increase took effect on April 1st, and the City has not done anything to specifically notate the change. Mrs. Lauret asked if there has been much push back. Mr. Davidson said that it is helpful to focus on the most pressing issues one at a time, in order to avoid confusion. Mr. Tschirki stated that water usage was changing dramatically with the tiered structure.

Mr. Davidson said that it may be helpful to break the bill down by indicating what the cost would be in each of the tiers. Mr. Tschirki stated that the bill will show dollar and percentage increases between old and new bills. It was noted that Staff's original proposal to the Council was to adopt a seasonal rate structure, which did not occur. Mr. Tschirki showed a comparison of what the bill would have been with a seasonal rate structure. He stated that it would have either been more or less expensive, depending on the user. There was subsequent discussion regarding why the Council opted to adopt the State's recommended tiered system over a seasonal rate structure.

Mr. Sumner asked if the franchise tax went up too, and Mr. Tschirki answered affirmatively. In adopting conservation rates, they are anticipating that overall usage will decrease; however, total revenues will still increase. This revenue will help to continue running the program.

Mr. Tschirki said that ideally, consumers will use the online calculator to see what their bill would have been during a certain period. Staff can get this calculator online in the next day or two. Mr. Lentz said that it would be helpful to show individual households under which tier they are categorized. Mr. Tschirki said that this information would be mailed as an independent informational flier.

Mrs. Lauret asked if the numbers were run for apartment dwellers. Mr. Tschirki stated that bills for apartments will go to the owner, and not to the tenants.

Mr. Sumner asked about assistance for those living on a fixed income. Mr. Tschirki stated that the City did not have anything in place, but they could contact Community Action on the matter.

OVERVIEW – Proposed FY 2016 Capital Projects from Surplus

Mr. Manning explained that staff went over surplus projects with the Council in April. He explained that the State will not allow the City to have more than 25 percent as a set aside in the General Fund, and in order to meet that criteria, the City needs to move almost \$3 million out for capital projects. The City's target surplus amount is 15 percent. Rating agencies do not care at what level cities set their target, as long as they hit the target. During the recession, Orem could not hit 25 percent; therefore, if they would have set that target amount to 25 percent, it would have damaged their rating.

Mr. Macdonald asked if debts could be paid off using surplus funds. Mr. Manning answered in the affirmative. Mr. Davidson said that the funds could also be used for items that are traditionally leased or financed. For example, Orem City is in the process of purchasing a new fire truck, for which they have paid cash instead of leasing. Because surplus money is onetime revenue, it is best to use it on onetime expenses.

Mr. Manning explained that in order to meet the 15 percent requirement, the Council will be asked to move almost \$4.9 million out of the General Fund in capital funds as part of a budget amendment. Mr. Davidson said that this request is made with the understanding that they are approaching the end of a Fiscal Year, and they anticipate that the City will not spend everything in the budget. Beginning July 1st, that 15 percent will grow on savings accumulated during the last Fiscal Year. Mr. Davidson said that the rationale was that it did not make sense to hold larger fund balances when there were projects that needed to be done. There are practical purposes for which the money can be spent.

Mr. Sumner asked how neighboring cities compared in savings. Mr. Davidson explained that Lehi is having such dramatic growth that they are hitting the 25 percent target. Furthermore, their entire infrastructure is new and they do not have to make as many investments. Orem, on the other hand, has infrastructure that has been in operation for up to 50 years. The same goes for Provo. While everyone would love to be at a ++25 percent surplus, it is not always possible.

In response to a question from Mr. Lentz, Mr. Nelson explained that surplus percentage is determined based on the revenues made in the General Fund compared to what is available as unassigned reserves. Mr. Lentz asked if it included balance transfers, and Mr. Nelson answered in the negative.

Staff and Council subsequently reviewed the proposed Capital Projects from surplus, for the Fiscal Year 2016. They were outlined as follows:

- Software upgrades for FTR audio backup (purchase and subscription), an electric vehicle charging station, and enhanced disaster recovery of audio files.
- With regards to the Recreation Center, Staff would like to minimize operational expenses and maximize space. They will be studying trends before spending money on various projects.
- Various economic projects along the northern end of Geneva Road "Wedge", as per suggestions from the study done by Zions.
- Development of nodes, as outlined in the State Street Plan.
- Enhancing building security with cameras.
- Fire Station #1 needs to be rewired.

- The rotunda area could be better utilized by putting in more meeting rooms.
- Fire and Ambulance needs include putting stretchers, cardiac monitors and other extrication equipment on an annual replacement list.
- The Library needs study room furnishings.
- Sewer lateral repair.
- Spillman software for the Police Department would create a more efficient transfer of information from Officers to the Courts.
- Equipment for three new Police Officers will be covered using surplus funds.
- Traffic projects and ITS (traffic signal controlling software).
- Installation of internet fiber to some of the City's facilities. It was noted that some of the Councilmembers are sensitive about keeping UTOPIA funds specifically allocated for the UTOPIA debt.
- Street project at the intersection of Center Street and 400 West; the right turn pocket for eastbound drivers turning south.
- Traffic light and HAWK signal near Orem Elementary and Canyon View Jr. High School.
- Pedestrian ADA compliance projects in several locations.
- Asset protection projects for existing parking lots.
- Resurfacing of the City Center parking lot.
- Increased handicapped parking.
- Drop-off areas for buses.
- Park system and asset maintenance.
- Northridge Park paved walking path.
- Bonneville Park; rebuilding the tennis courts and stationing outlets throughout the park.
- SCERA Park playground equipment replacement.
- Needs for the new cemetery property include an internal road network and the installation of walk markers. It was noted that the space will continue to be available for casual play, but will not be programmable. Furthermore, a landscaping place is not in place yet, but the sprinkler system has been put in. Layout of the cemetery was briefly discussed.
- Landslide mitigation projects.
- According to a traffic flow study, traffic needs to be addressed on 1600 North.
- Roundabout upgrade at Utah Valley University. It was noted that this project will be matched with funds from the Mountainland Association of Governments (MAG). While a portion of this roundabout is part of the BRT project, certain areas are unaffected by BRT and therefore need to be financed through Orem City. The 800 North beautification project will be part of the process.

Mr. Macdonald asked how much money will be spent for all of these projects. Mr. Manning stated that they will cost around \$4.7 million, and that the City will still maintain the 15 percent target surplus.

Mr. Sumner asked about apartments being built, and wondered if any money would be going towards traffic flow in those areas. Mr. Davidson said that RDA money was going to help fund a turn pocket at the development in question.

5:00 P.M. STUDY SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING	Councilmember David Spencer
ELECTED OFFICIALS	Councilmembers Debby Lauret, Sam Lentz, Tom Macdonald, and Brent Sumner
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Steve Earl, Deputy City Attorney; Jason Bench, Planning Division Manager; Neal Winterton, Water Division Manager; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder
EXCUSED	Richard F. Brunst and Mark Seastrand

Preview Upcoming Agenda Items

Staff presented a preview of upcoming agenda items.

Agenda Review

The City Council and staff reviewed the items on the agenda.

City Council New Business

There was no City Council new business.

The Council adjourned 5:48 p.m. to the City Council Chambers for the regular meeting.

6:00 P.M. REGULAR SESSION – COUNCIL CHAMBERS

CONDUCTING	Mayor Pro Tem David Spencer
ELECTED OFFICIALS	Mayor Richard F. Brunst*, Councilmembers Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand*, David Spencer, and Brent Sumner (* participated electronically)
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Steven Downs, Assistant to the City Manager; Pete Wolfley,

Communications Specialist; and Jackie Lambert, Deputy City Recorder

INVOCATION /

INSPIRATIONAL THOUGHT

Steven Downs

PLEDGE OF ALLEGIANCE

Ernesto Lazalde

APPROVAL OF MINUTES

Mr. Macdonald **moved** to approve the May 10, 2016 and May 24, 2016 City Council meeting minutes. Mr. Sumner **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

Upcoming Events

The Mayor Pro Tem referred the Council to the upcoming events listed in the agenda packet.

Mayor Pro Tem Spencer invited Genelle Pugmire, resident, to present about the Colonial Heritage Festival, Cries of Freedom, and Military Vehicles Display. Ms. Pugmire stated for the record that she was presenting as an Orem resident, and not as a representative of her employer, The Daily Herald. She explained that the aforementioned events are held at SCERA Park every year, and that they are a fantastic opportunity for families to attend during the summer months. She said that two years ago there were 50,000 people who attended throughout the summer. Last year, Colonel Gail Halvorsen's flight brought in 70,000 people in three days. Ms. Pugmire stated that Mr. Sumner has worked the Festival in the past, and she invited other Council Members to participate as well. Events grow every year and interest has been expressed by several organizations, including University Place.

Ms. Pugmire thanked event sponsors including Orem City, the CARE Tax, the Freedom Festival, and Utah County for their travel and tourism dollars. These donations keep costs low for attendees; two years ago, it only cost \$.40 per person to provide hands-on, educational experiences. Ms. Pugmire stated that this year Adam Robertson, with the SCERA Center, will be sponsoring a Heritage Fireside on July 3rd, at the SCERA shell, at 8:00 pm. The event will be free to the public. Former Mayor, Jim Evans, will be the VIP for the event. The Heritage Fireside will feature a debate with the founding fathers about religious freedom, and Ms. Pugmire encouraged local attorneys to attend. The event will last approximately one hour and 15 minutes, and will showcase a lot of music and patriotism. Also at the Fireside, they will be honoring Colonel Gail Halvorsen, age 96, who hopes to be in attendance; if he is unable to attend, he will be honored through his daughter.

In addition to the Fireside, Mr. Robertson and the SCERA Theater will be holding multiple showings of Walt Disney's Classic, "Johnny Tremain", at no cost to the public. The movie is 80 minutes long, and is a chance for families to come get some respite from the heat and learn more about the Revolutionary War. There will be three times as many military vehicles as there have been in the past, along with some interactive activities for kids. A separate stage will be set up at the Cries of Freedom event which will feature dancing, music, debates, etc. Ms. Pugmire said

that it will be a destination location for people from all over to attend as part of Independence Day celebrations. Ms. Pugmire stated that the Festival is grateful for a local arts district, and that none of these events would be possible without the support of the City. Lastly, she mentioned that three shuttle busses will be provided, and that she can be contacted for further information.

Appointments to Boards and Commissions

Mr. Macdonald **moved** to appoint James “Skip” McWhorter to the Recreation Advisory Commission. Mr. Sumner **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

REPORT – Senior Advisory Commission

Mr. Hirst introduced the Senior Advisory Commission members that were in attendance. Ms. Kay Bradford, Chair, presented the report for the Senior Advisory Commission. Ms. Bradford said that every day is a celebration that is full of opportunities, and noted that the Orem Senior Friendship Center has 3,434 members. They put on many activities, including a Grammy Awards event. Their latest celebration was a wedding between two seniors who met and fell and love at the Friendship Center. Ms. Bradford mentioned that the wedding was highlighted in the local newspaper. She stated that every year the Senior Friendship Center has a “humor day”, where anyone can come and tell a joke. She then shared a joke she likes to tell. At the Friendship Center, they celebrate birthdays and play BINGO. Last month over 700 people came and played BINGO, and they served over 1,200 meals.

Ms. Bradford presented a copy of their new newsletter, which highlights the Senior Friendship Center’s activities. She announced June 23rd is “Flamingo Day”. Ms. Bradford stated that she hears about Facebook a lot, and joked that she is applying similar “Facebook principles” in her everyday life.

PERSONAL APPEARANCES

Time was allotted for the public to express their ideas, concerns, and comments on items not on the agenda. Those wishing to speak should have signed in prior to the meeting, and comments were limited to three minutes or less.

Jim Fawcett, resident, relayed an experience he had in elementary school, when his 6th grade teacher complimented a yard in his neighborhood. Unbeknownst to the teacher, the neighbor had painted concrete green to look like grass. Mr. Fawcett stated that in this time that the City is trying to conserve water, there are artificial alternatives that could be used instead of traditional landscaping. Mr. Fawcett said that he came to Orem from southern California where there were a lot of brown lawns as a result of draught, and so he loved all of the greenery in Utah when he first moved to the area. He stated that in light of new State mandates to conserve water, cities need to find a way to help residents maintain nice lawns, which he suggested could be done by making modifications to the City’s ordinances.

Mike Christensen, resident, explained that he wanted to address the City today regarding Summerfest, and ways that it could be improved. Mr. Christensen said that he is grateful to have Summerfest, but it rains almost every year; therefore, he suggested that it be moved to a weekend closer to when summer actually starts. He expressed concerns with stage performances

coinciding with those of the Grassroots Shakespeare Company, which can negatively affect the experience. He stated that he would like stage performances to start on time, and feels that time slots should be respected.

CONSENT ITEMS

There were no Consent Items.

SCHEDULED ITEMS

6:00 P.M. PUBLIC HEARING – Strawberry Fields Development

ORDINANCE – Amending the General Plan land use map by changing the land use designation on 3.02 acres at 676 East Timpanogos Parkway from Professional Services to Low Density Residential, amending Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on said property from PD-6 to Planned Residential Development (PRD) and amending Appendix “RR” by adding the concept plan and building elevations of the Strawberry Fields PRD

Note: At 6:26 pm, Mayor Brunst and Mr. Macdonald recused themselves from the discussion, due to personal dealings with the applicant and financial interests.

Mr. Bench presented Rick Chatwin’s request that the City change the General Plan land use designation on 3.02 acres at 676 East Timpanogos Parkway from Professional Services to Low Density Residential, amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on said property from PD-6 to Planned Residential Development (PRD) and amend Appendix “RR” by adding the concept plan and building elevations of the Strawberry Fields PRD on 3.02 acres at 676 East Timpanogos Parkway.

The applicant desires to develop a PRD on 3.02 acres of property at 676 East Timpanogos Parkway. The property is located in the Timpanogos Research and Technology Park and is currently vacant. In 2014, the City Council denied a request to rezone this property from PD-6 to the PO (Professional Office) zone for use as a private school.

The applicant’s proposed PRD development contains 15 residential units which works out to 4.97 units per acre. The units are single story with a basement and are twin home style with one single stand-alone unit. Exterior finish materials would consist of stucco, brick, and fiberboard siding. The height of the proposed units is 25 feet.

The applicant has submitted a concept plan showing the layout and building elevations of the proposed PRD. If approved, the concept plan will be included in Appendix “RR” and the development will be required to substantially conform to the concept plan.

The Economic Development Division has reviewed this request and strongly recommends that the City Council deny the proposed rezone. The property is located in a PD zone that contains the Canyon Park Technology Center. It is a successful business park that accounts for over 7,000 jobs and contributes significant revenue and economic benefits to the City through property taxes and job creation. The subject property is bordered on three sides by office park development

while the southern border is adjacent to two residential units. The residential units are located on land that was originally part of the PD-6 zone.

When Canyon Park Technology Center was developed as the former WordPerfect campus, the City Council at the time made the difficult decision to rezone an orchard into a technology campus located near residential neighborhoods. The decision has positively impacted Orem's economic base ever since.

The Economic Development Strategic Plan (EDSP) completed in December, 2014, identified fifteen economic districts throughout Orem's commercial centers of retail and office development. The Canyon Park Technology Center economic district generates \$7,059 per acre of tax revenues to the City. This is the fourth highest revenue generating economic district in the City. The top three are located on University Parkway and consist of retail sales. The top economic district generates \$9,665 per acre.

Canyon Park is a prime example of how dense office developments can generate significant City revenues through property taxes. This type of development helps diversify the City's revenues and lowers the dependence upon sales tax. Additionally, the economic impact the City has received from the over 7,000 jobs located on the Canyon Park campus over the years is immense.

Allowing the subject parcel to remain part of the PD-6 zone and to develop with additional office and technology uses has the potential to further increase the economic benefit to the City in terms of tax revenue and job creation. Because Orem is well over 90% developed, there are few vacant parcels available where this type of development can occur and even fewer available in proximity to existing office and technology uses where synergies may be available. Conversion of this property to residential uses would result in the loss of property that is uniquely suited to office and technology uses similar to those currently in the Canyon Park development.

Although the property has been vacant for many years and the owner would understandably like to develop the property immediately, Staff believes it would be in the best long-term interest of the City to maintain the property for future office development.

For the aforementioned reasons, it is highly recommended that the City Council deny the proposed rezone and allow the 3.02 acres to be developed for additional office uses as part of the PD-6 zone.

A neighborhood meeting was held on April 4, 2016, with several neighbors in attendance.

The Planning Commission recommends the City Council deny the request to amend the General Plan by changing the land use designation on property located at 676 East Timpanogos Parkway from Professional Services to Low Density Residential; deny the request to amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on said property from PD-6 to Planned Residential Development (PRD); and deny the request to amend Appendix "RR" by adding the concept plan and building elevations of the Strawberry Fields PRD on 3.02 acres at 676 East Timpanogos Parkway. Staff supports the recommendation of the Planning Commission.

Mr. Bench presented the aforementioned staff report, as well an aerial map of the subject property. The subject property is near Canyon Park, and has a small, private drive with four units. He also presented images of the proposed elevations.

Mr. Seastrand asked if there was a compelling reason why it could not be developed as commercial. Mr. Bench said that it has been held in reserve by the property owner, who is waiting for development to occur. There is no reason why it could not be developed as part of Canyon Park.

Mayor Pro Tem Spencer opened the public hearing.

Mark Stubbs, resident, said that his lot is most affected by the development, and opined that the economic numbers in the report were misleading. He stated that the average taxes in the DaVinci development are approximately \$2,000 per year per lot. The economic report indicates that the City anticipates between \$6,000 and \$9,000 per acre to be generated once the vacant property is developed. He argued that property taxes would be greater for a residential development. Mr. Stubbs stated that it is misleading to categorize Canyon Park as a technology park; rather, he feels that it is more of a call center park. He said that Adobe could have bought the property and leased the space; however, they opted to relocate. While the owners indicate that Canyon Park is full, it has not been at 100% occupancy in the last six years. When Canyon Park was approved, it was the exception to the rule; everything in the neighboring areas was residential. Mr. Stubbs stated that there are no commercial outlets in the park, and asked what is generating sales tax revenue. He stated that if Canyon Park is going to be used for technology, why hasn't it been used as such within the past 11 years. The only offer that has come forward on the vacant property has been for residential developments. He stated that if the Council denies the request and waits for an office building, they will have weed patch there for the next ten years.

Rick Chatwin, developer, stated that upon completing his first development he had the Orem City Council come see the project, and they called it the prettiest street in the City. He said that anyone who drives to Penny lane and Peach lane will agree; it is attractive, high quality craftsmanship. The development has brought high quality people to neighborhood, and before it was a swampy field. Because the first project was so successful, Mr. Chatwin decided that Orem was a prime location. He discovered that Canyon Park owned seven acres of land, which has been for sale for many years. He echoed Mr. Stubbs comments and stated that it will remain for sale for the next ten to twelve years until the zoning is changed.

Mr. Chatwin stated that the three acre parcel that he wants to purchase backs right up to the DaVinci development. He continued that Canyon Park had no problem selling to Ivory Homes for the DaVinci development several years ago, which was also originally zoned for a technology/business park. Mr. Chatwin said that he has heard that currently there are three large companies at Canyon Park that are planning to leave for a better location. The location is no longer optimal for technology/business uses, and the seller has had the property on the market for 12 years with no offers. If this zoning were changed to allow for residential development, it would bring fifteen new families to Orem. Mr. Chatwin stated that a high-density housing development was recently approved, despite a petition of 422 signatures opposing the project. He said that in this particular instance, concerned citizens who attended the Planning Commission meeting were mocked. He concluded by saying that it appears that the Council has already made

up their minds on the matter. He was of the opinion that the zoning will change in the future anyway, and so they might as well approve a zone change now.

Tom Dockendorf, resident, said his property will be influenced by tonight's decision. He was in favor of approving the applicant's proposal to develop residential on the subject property. He and his wife were grateful for the opportunity to move to the DaVinci neighborhood. He has seen several signs at Canyon Park for space that is available to lease or buy. He stated that residential would be permanent tax revenue, whereas businesses come and go. Furthermore, there are other office spaces available in the City, and he doesn't feel that these three acres will make much of a difference. Mr. Dockendorf said that they moved to Orem in 1980, when WordPerfect wanted to buy the orchard and develop it into a technology center. At the time, there was very little neighboring development. He said he understood the importance of growth, and asked the Council to consider the developer's proposal. He concluded by stating that he will be a good neighbor to any development that comes in on the subject property.

Gloria Harris stated that she is the co-owner of the building that is located directly east of Strawberry Fields. She explained that the property taxes on their building are over \$24,000 per year. Mr. Smart was trying to sell the building and the land together for years. Mr. and Mrs. Harris came in and proposed to Mr. Smart that he sell the building and the land separately, which is why the land is now available. When Mr. and Mrs. Harris were looking to locate their business, they were at the research center next to their building. She explained that they are a high-tech research company, and are not a call center. They were specifically drawn to the zone, and if the zoning were changed to residential it would decrease their property value. Mrs. Harris stated that they bring significant income to the City by paying property taxes and providing jobs.

Sherri Page, resident, stated that a proposal came forward a year ago for a school in this particular area. It was approved by the Planning Commission, and the public presented reasons as to why they did not want it in that location; therefore, the Council denied the request. It's now a year later and the subject property is being highly contested. Ms. Page stated that she has lived in the area for six and a half years, and she always sees signs for rent/sale in that area; nobody is buying the property. She said that residential was a better fit and would be a great asset to the City, and did not believe that traffic would be a problem. Furthermore, the technology is moving toward the freeway and up north, and she does not think that the current zone is bringing much tax base to the City. Ms. Page asked the Council to reconsider their position.

Dr. Guy Grenny, resident of DaVinci, said that he looks out his back windows into a field of grass which gets about two feet tall. Dr. Grenny commented that it would be nice to see residential on the subject property and that most, if not all his neighbors are highly in favor of seeing homes there as well.

Allen Finlinson, President of Canyon Park Technology Center, as well as one of the partners and owners of the Canyon Park, said that most of the park's owners are local Orem and Provo residents. They have owned Canyon Park since 2000, which is longer than WordPerfect and Novell combined. Mr. Finlinson wanted to address the argument of Canyon Park not being a technology park. He stated that some of their tenants include NTT out of Japan, which is a \$92 billion technology company, Wayfair, which surpasses Amazon in annual sales at \$3.9 billion, and BlueHost, which was the first lease after Canyon Park was purchased by the current partnership. Fishbowl is another leading company at the park. Mr. Finlinson explained that they

had an incubator program to help foster business growth with local entrepreneurs. Omniture, for example, was an incubator company. However, they have since been purchased and relocated.

Mr. Finlinson stated that during the economic downturn, Canyon Park dipped below desired occupancy rates; however, they have been in the high 80s and low 90s during the 16 years of the current partnership. The majority of the tenants are technology companies. Friday they have a technology company moving in called Social Dental, which will bring about 250 additional jobs to Orem. He stated that they spend hundreds of thousands of dollars in taxes each year, in addition to spending millions of dollars refurbishing the park. They are currently talking with two companies to develop the eight acres of land. In conclusion, Mr. Finlinson requested that the subject property remain a technology park. If residential is built, one of their current tenants has a clause in their lease that would allow them to relocate, which would be a loss of 350 jobs.

Logan Harris, co-owner of building, said that he has heard two main concerns from the neighbors tonight; first, the technology park becoming a call center and secondly, the weeds. He believed that with planning and zoning, commercial development could occur that would take care of those concerns. The park is very well kept, and the neighbors coming into the area will be of the same caliber. Mr. Harris stated that the property by itself has only been available for less than a year. There has not been enough time for it to be sold as a separate property to another commercial entity. He was of the opinion that they need to give it more time before approving a rezone for residential.

Mayor Pro Tem Spencer closed the public hearing.

Mr. Lentz asked about the tax revenue per acreage. As per the presentation, the average total tax revenue per acre is \$7,059. Mr. Bench stated that single family homes are not included, and that the figures only reflect the commercial buildings in the area in the form of property taxes. There was further review and discussion pertaining to the total tax revenue for the Strawberry Fields area, for both the developed and undeveloped portions.

Mrs. Lauret asked Mr. Finlinson about the demand for the office space, and if there were long-term plans to develop more of it in the future. Mr. Finlinson said that they were working with two different companies to develop the vacant eight acres. Up north, tenants have to pay more per square foot, which gives Canyon Park an advantage. Mr. Finlinson noted that today there were three different tours by potential tenants. They are able to remain competitive because they are not the Class A type of location. While they get a fair amount of calls for call centers, only about 80,000 square feet out of 900,000 is used for that purpose; everything else is leased by technology companies. In response to a question from Mrs. Lauret, Mr. Finlinson said they do not currently own the three acres; however, they have made several offers to purchase the land, and have not been able to come to terms yet.

Mrs. Lauret invited Mr. Chatwin to return to the podium, and stated that she admires his homes and the quality at which they are built. She asked about the size and sale price of the homes he would build if the rezone were to be approved. Mr. Chatwin said that the homes would be 2,000 square feet per floor, would be single level with a basement, and would have a garage. The price of the homes would be approximately \$400,000, depending on how they are equipped and landscaped.

Mr. Sumner asked how much acreage is left in Orem for technology growth. Mr. Bench said that there is one location in the CM zone, and that Canyon Park was the only other office park in the City. Mr. Sumner stated that Orem is growing and running out of land for various uses. Although Mr. Chatwin has a great product and proposal, Mr. Sumner was concerned about running out of space for technology business. Furthermore, Canyon Park brings 7,000 jobs to the area.

Mr. Lentz asked if Canyon Park's tax revenue was primarily property and not sales tax. He noted that property tax is based more off the property itself, and less about whether or not it is occupied. Mr. Bench said that the County will assess a base value depending on what is on the property. The assessed value and property taxes of the undeveloped land will increase once a building is developed. The base property tax for commercial is 100 percent taxable, whereas residential is 55 percent taxable. Mr. Lentz asked about the twin homes, and if they would get a tax discount for being owner occupied. Mr. Bench answered in the affirmative, noting that they would get a 45 percent discount.

Mayor Pro Tem Spencer asked what the property taxes are for the vacant area, and Mr. Bench said he was not sure.

Mr. Seastrand said that he appreciated all of the input from Staff, Council and the public. In looking at the area, he and his wife have driven through the DaVinci neighborhood and commented that it would be fun to live there. The product is very appealing. However, he said that he struggles with the need to change the zone, and asked if there is any reason why the existing zone does not work. Typically, when rezoning from commercial to residential, there needs to be a compelling reason behind the change. Mr. Seastrand stated that in 2008 and 2009, there was an economic downturn and things stayed empty; however, there has since been a significant increase in commercial movement. It appears that the park has a lot of activity within the existing zoning. While he recognized that Mr. Chatwin builds beautiful homes, he did not believe that there was enough reasoning behind approving the proposed rezone.

Mr. Lentz requested that staff look up the County's assessed value of the undeveloped land, so as to include all the data points on the issue. The numbers as outlined in the 2015 Economic Strategic Plan were briefly discussed while the County information was being retrieved.

Mr. Lentz asked if the ratio of square footage of office space per acre is similar to what to expect on the three acre parcel. Mr. Bench said that Strawberry Fields is about 78 percent houses and 22 percent are streets and parks. Mr. Lentz said that the property tax value for the three acre center is \$10,000, of which the City would get \$1,500. Mr. Bench stated that the value of the property would come with the development. Mr. Lentz explained that if the parcel was developed similar to the DaVinci development, it would increase by a factor of about three times the current property value; however, 45 percent of those taxes would be reversed based on the owner-occupied discount. On the other hand, if the property is developed commercially it would be increased by a factor of 14 times the current property value, and would be 100 percent taxable.

Mr. Sumner stated that he was very concerned with Orem having insufficient space for technology growth in the future.

Mr. Sumner **moved**, by resolution, to DENY the request to amend the General Plan land use map by changing the land use designation on 3.02 acres at 676 East Timpanogos Parkway from

Professional Services to Low Density Residential, amending Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on said property from PD-6 to Planned Residential Development (PRD) and amending Appendix “RR” by adding the concept plan and building elevations of the Strawberry Fields PRD. Mr. Lentz **seconded** the motion. Those voting aye: Debby Lauret, Sam Lentz, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

Note: At 7:13 pm, Mayor Brunst and Mr. Macdonald rejoined the meeting.

6:00 P.M. PUBLIC HEARING – Rezone – 1425 South 800 East
ORDINANCE – Amending Section 22-5-3(A) and the zoning map of the City of Orem by
changing the zone on property at 1425 South 800 East from R7.5 to R6

Mr. Bench presented AnnJanel Allen’s request that the City amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property located at 1425 South 800 East from R7.5 to R6.

The applicant owns a 16,552 square foot lot at 1425 South 800 East in the R7.5 zone. The applicant would like to remove the house and subdivide the property into two lots. However, although the applicant can meet the minimum lot size requirements of the R7.5 zone for both lots, the applicant would be unable to meet the minimum R7.5 lot width requirements. The R7.5 zone requires a minimum lot size of 7,500 square feet and a minimum lot width of 75 feet.

The applicant would like to rezone the property to R6 which requires a minimum lot size of 6,000 square feet and a minimum lot width of 60 feet. The applicant’s proposed two-lot subdivision would comply with these requirements.

The General Plan land use designation for this property is Medium Density Residential. Under this classification, appropriate zones are R6, R6.5, or R7.5. A rezone to the R6 zone would thus be consistent with the General Plan land use designation.

A neighborhood meeting was held on March 16, 2016, with neighbors expressing support for the request.

The Planning Commission recommends the City Council amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property at 1425 South 800 East from R7.5 to R6. Staff supports the recommendation of the Planning Commission.

Juliann Bennett, the applicant, noted that she was present at the meeting.

Mr. Lentz asked if this property was designed for ADA specifications, to which Ms. Bennett answered affirmatively.

Mr. Sumner asked Ms. Bennett to describe her plan. Ms. Bennett said she would live in one of the homes, and noted that in about twenty years she will be wheelchair bound. Her sister currently owns the home that will be torn down.

Mr. Macdonald asked if the site plan for the new home will be subject to standard City approval, and Mr. Bench answered affirmatively.

Mayor Pro Tem Spencer opened the public hearing. There were no public comments, so Mayor Pro Tem Spencer closed the public hearing.

Mr. Seastrand asked which direction the homes will face when the lot is split. Ms. Bennett said that they will both be facing west to avoid potential hazards with ice. The homes will be side by side, and will share a driveway. They will be single-family detached homes.

Mr. Sumner asked if the driveways would be problematic with 1400 South or 800 East. Mr. Bench explained that there will be a minimum distance from 1400 South, which is 50 feet. Mr. Sumner asked if this distance would interrupt traffic, and Mr. Bench answered in the negative. Mr. Macdonald said it would probably be closer to 70 feet away from the street, thereby creating better visibility coming out of the street.

Mayor Pro Tem Spencer **moved**, by ordinance, to amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property at 1425 South 800 East from R7.5 to R6. Mr. Macdonald **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

6:00 P.M. PUBLIC HEARING – Rezone – 1750 South 50 East

ORDINANCE – Amending Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property at 1750 South 50 East from R5 to R6

Note: At 7:20 pm, Mrs. Lauret briefly stepped out of the meeting.

Mr. Bench presented Philroy Brown's request that the City Council amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property at 1750 South 50 East from R5 to R6.

The City Council recently amended the General Plan land use designation for the subject property from Low Density Residential to Medium Density Residential. The applicant requested a change to the General Plan land use map to facilitate the future rezone of the property. The applicant now requests the property be rezoned from the R5 zone to the R6 zone.

The applicant desires to change the zone on his property from R5 to R6 in order to have an accessory apartment which is not permitted in the R5 zone. The General Plan land use map change to Medium Density Residential facilitates a rezone request to the R6 zone as it will now be consistent with the General Plan. The appropriate zones under the General Plan Medium Density designation are R6, R6.5, and R7.5.

Staff recommends that the City enter into a development agreement with the applicant to require the applicant to submit and obtain approval of an amended subdivision plat that meets the requirements of the R6 zone. The applicant's lot is currently one foot short of meeting the side setback requirement of six feet on the north side of the lot. The applicant has previously

indicated that he will be able to acquire an extra foot of property from the adjoining property owner (the applicant's daughter) to correct the setback deficiency.

The Planning Commission recommends the City Council amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property at 1750 South 50 East from R5 to R6. Staff supports the recommendation of the Planning Commission.

Mr. Macdonald stated that this property came before the Council about a month ago. A clarification was made that the one foot setback is in the side yard. The project timeline was then briefly discussed. Mayor Brunst thanked Mr. Brown for going through the proper procedures to come into compliance.

**Note: Mrs. Lauret returned to the meeting at 7:23 pm.*

Mayor Pro Tem Spencer opened the public hearing. There were no public comments, so Mayor Pro Tem Spencer closed the public hearing.

Mayor Pro Tem Spencer **moved**, by ordinance, to amend Section 22-5-3(A) and the zoning map of the City of Orem by changing the zone on property at 1750 South 50 East from R5 to R6. Mr. Lentz **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

6:30 P.M. PUBLIC HEARING – Create Orem Natural Resources Stewardship Committee
ORDINANCE/RESOLUTION – Adopting Article 2-36 of the Orem City Code creating the
Orem Natural Resources Stewardship Committee

Mr. Davidson explained that due to scheduling conflicts, Staff recommends the City Council continue the public hearing concerning this request to the June 21, 2016, City Council meeting at 6:30 p.m.

Mayor Pro Tem Spencer **moved** to continue the public hearing concerning this request to the June 21, 2016, City Council meeting at 6:30 p.m. Mr. Seastrand **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

RESOLUTION – Authorizing the Mayor to execute an interlocal agreement related to
providing Fire & EMS services to the Town of Vineyard

Mr. Bybee requested that the City Council authorize the Mayor to execute an agreement related to providing Fire & EMS services to the Town of Vineyard.

The Town of Vineyard has been experiencing explosive growth over the last couple of years. In response to their rapidly growing demand for Fire and Emergency Medical Services (EMS) specifically, a more accurate method of charging for these services has been created. This new methodology will actually provide a solution that is not only equitable for both Vineyard and Orem, but is also feasible and responsive given the growth they've been experiencing.

Establishing a Common Level of Service Standard:

Primarily with the intent to find an apples-to-apples comparison method to assess this Charge for Service, the City of Orem worked with Vineyard to obtain historical building permit information. This information showed that by the end of Calendar Year 2015, the Town of Vineyard has a total of 1,576 residential units (519 single-family units and 1,057 multifamily units). Vineyard also has 14.55 acres of permitted industrial area and 264,467 square feet of commercial/retail building space. Using the same basis that Orem uses to convert nonresidential areas into the “Equivalent Residential Units” (or ERUs), Staff estimates this industrial acreage and retail building square footage to have the same impact as 82 residential units (1 Industrial Acre = 4 ERUs and 43,560 building sq. ft. = 4 ERUs). This brings Vineyard’s grand total to 1,658 ERUs. Establishing ERUs is a great way to assess commonality now and into the future because it inherently accounts for different land uses, different demand for Fire/EMS with different uses and densities, and different population amounts both in terms of residents and workers.

The City of Orem estimates a total of 32,962 ERUs exists within its city limits. This ERU information is important for establishing a common level of service standard. The level of service that the City of Orem currently provides its citizens is one Fire Station for about every 9,988 ERUs and resident population of 28,485. There are three full fire stations within the boundaries of Orem and Orem also benefits from the use of 30% of a fire station located in Lindon City. This is important to note because the closer the Town of Vineyard gets to this “benchmark” of average ERUs and population within their town boundaries, the closer they should get to actually building another physical fire station.

Actual Costs:

The actual costs were determined by adding up all the annual costs associated with one full fire station. This includes Operations and Maintenance expenses as well as Capital and Equipment expenses, as listed in the following tables:

Operations & Maintenance Description	Cost
Employees (Full Compensation)	
17.5 Firefighters, Captains, Batt. Chiefs, Inspector	\$1,595,280
Ancillary (Uniforms, Fuel, Hazmat, Dispatch, Etc.)	\$364,450
Administration @ 12% (Chiefs, Clerical, It, Hr, Etc.)	\$260,743
Full Worker's Compensation And Liability Insurance	\$120,787
Total	\$2,341,260

Capital & Equipment Description	Total Cost	Useful Life	Annualized Cost
Station (Fe&E)	\$3,800,000	40	\$95,000
2 Acres Of Land For Station	\$375,000	100	\$3,750
Equipment			
Apparatus	\$625,000	14	\$44,642
0.5 Apparatus (Reserve)	\$103,125	7	\$14,732
Ambulance	\$200,000	5	\$40,000
0.75 Ambulance (Reserve)	\$75,000	5	\$15,000
Total	\$5,178,125		\$213,125

Charge for Service Proposal:

By dividing the grand total of actual annual costs associated with each fire station of \$2,554,384, by the number of ERUs currently built within the Town of Vineyard of 1,658; Staff came to a Charge for Service that is both equitable and feasible at \$242.95 per ERU. This amount includes the total cost that Orem residents currently pay per ERU, for the same level of service they also enjoy, including proactive fire prevention efforts the City of Orem provides through inspections during the development and building review process associated with each new building development. This amount also includes the cost of an added benefit Vineyard requested to have additional insurance coverage, rather than the City of Orem's high-deductible worker's compensation and liability insurance coverage. Based on the total number of ERUs permitted by the Town of Vineyard by the end of 2015, the total Charge for Fire & EMS Services would be \$402,808.

Responsive to Future Growth:

Since the costs listed above are in "today's dollars" the City should allow for regular updates on an annual basis. The Charge for Service as outlined above also lends itself to respond to Vineyard's rapid growth by having their staff submit building permit information to the City of Orem, at the beginning of each new calendar year. To illustrate the difference this would have made during the five-year period between 2011 and the end of 2015, consider the following table:

Year	Total ERU's	Charge For Fire & ems services
2011	69	\$16,764
2012	147	\$35,714
2013	354	\$86,004
2014	1,355	\$329,197
2015	1,658	\$402,808

At the start of Fiscal Year 2017, this model proposes that Vineyard would pay the total annual Charge for Service for the amount of permitted buildings by the end of the last calendar year (converted into ERUs). All of the base costs (personnel, operations, equipment, capital, etc.) would be reviewed annually for the following fiscal year, in order to keep up with the cost of inflation.

The Assistant City Manager recommends that the City Council authorize the Mayor to execute the following in an agreement related to providing Fire & EMS services to the Town of Vineyard.

Mayor Brunst thanked Mr. Davidson and the Staff for putting this together in a five-year program to be reviewed every year. Orem has the legal responsibility to provide fire protection from the City's border to the lake, and Vineyard is growing exponentially. It will be important for the City of Orem and Vineyard to look at putting in a new fire station within the Town of Vineyard, and stated that this agreement is important.

Mr. Seastrand asked what Vineyard's input was to the agreement, and if they were on board with all aspects of it. Mr. Bybee noted that the agreement was approved this past week at their Council meeting, and that they were involved entirely in making the calculations.

Mr. Sumner said that when reading the agreement, he was under the impression that the Town of Vineyard would be responsible for the costs of building a fire station. Mr. Bybee said that similar to what occurred in the City of Lindon; they would purchase and build the building, and Orem would provide staffing and equipment. The fire station would need to be built once Vineyard reaches 5,500 permitted units.

Mr. Macdonald said that it is work like this that put Mr. Bybee on the “40 under 40” list from Utah Valley Magazine.

Mayor Brunst asked when Vineyard expects to reach 5,500 units. Mr. Bybee explained that as of the end of the 2015 calendar year, Vineyard was at 1,658 permitted units; he anticipates that this same trend will continue.

Mayor Brunst **moved**, by resolution, to authorize the Mayor to execute an agreement related to providing Fire & EMS services to the Town of Vineyard. Mr. Macdonald **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

6:00 P.M. PUBLIC HEARING – Adopt Final Budget Fiscal Year 2016-2017

ORDINANCE – Approving and Adopting a Budget for Fiscal Year 2016-2017, Adopting Compensation Programs, Adopting Fees and Charges, Setting the Property Tax, Franchise Tax, Municipal Energy Sales and Use Tax, Telecommunications License Tax, Transient Room Tax, and E-911 Fee Rates

Mr. Manning and Mr. Nelson presented the City Manager’s recommendation that the City Council, by ordinance, approve and adopt the Fiscal Year 2016-2017 Budget, adopt the compensation programs, adopt the fees and charges schedule, set the property tax, franchise tax, municipal energy sales and use tax, telecommunications license tax, transient room tax, and E-911 fee rates.

On May 10, 2016, the City Council received a draft of the Tentative Budget for the Fiscal Year 2016-2017. Budget work sessions were held on March 29, April 12, and April 26, 2016, to discuss the budget. In addition, two public hearings were held to review CDBG budget requests.

The purpose of this hearing is to consider the budget for Fiscal Year 2016-2017, along with the compensation program and the fees, charges, and tax rates of the City.

Property taxes will not be increased, the franchise tax and municipal energy sales and use tax rates remain at 6 percent, and the transient room tax stays at 1 percent. The telecommunications license tax remains at 3.5 percent and the E-911 fee stays at \$0.61 per month. Various adjustments and/or additions to miscellaneous fees and charges are proposed in many departments.

A \$1.30 per month water base rate increase for a ¾” meter service (and a proportionate increase for all other meter sizes) and a new tiered usage rate structure was adopted in the May 24, 2016, Council meeting, and is reflected in the Water Fund. A portion (\$0.25) of the base rate increase

is due to the allocation of Jordanelle water to the City (per agreement with the Central Utah Water Conservancy District).

The following corrections and/or adjustments were made to the original FY 2016-2017 Tentative Budget document:

- Water Fund revenues were increased by \$1 million due to the City Council's approval at the Council meeting on May 24, 2016, of an increase in the base rate as well as instituting a new tiered water use rate structure. A corresponding expenditure increase was added for the tertiary wastewater treatment improvement (water reuse) project.
- On page 15 in Exhibit "B" Fees & Charges of the FY 2016-2017 Tentative Budget under the Sewer Rates section, the Base Rate description was changed from "connection" to "living unit" and the Base Rate-Multiple Units description was changed from "first unit" to "first living unit" while "for all others" was changed to "for each additional living unit."

Mr. Manning said this has been a six-month process, and he is grateful for the help from Council and Staff. This year the City reached the milestone of exceeding a \$100 million annual budget. Some of the goals that were outlined at the Council Retreat included looking at City Facilities and addressing UTOPIA. Mr. Manning explained that several new positions will be created to keep up with the City's demanding work load. Additionally, operational expenses are expanding, a fleet replacement program has been put into place, and there are several forthcoming capital projects. Mr. Manning noted that the amount dedicated to Jordanelle will stay in place until 2047.

Mr. Manning reviewed the aforementioned tax rates, and explained that rates are decreasing. Utah is a revenue driven state, meaning property values have increased. If one's home this year was worth a quarter of a million dollars, they would have paid to the City \$227; this year they will pay \$213. However, home values may change for various reasons. Mr. Manning explained that of the total budget of \$101 million, \$85 million are new, ongoing revenues. Transfers back and forth are just under \$17 million, and the City will have a small surplus.

Mr. Manning said that part of this public hearing is to discuss transfers. For many years, the City has transferred money from utility funds to the General Fund to keep overall cost of services low. This includes funds for the City Center, Police, and Sewer, to name a few, and the City pays for fair market value for what is used. If the City makes cash payments to those respective departments, then the General Fund has to come up with those same amounts in cash. There are a couple of ways of coming up with these funds; the City can either raise taxes or reduce services. Mr. Manning stated that the same people pay for both utilities and property taxes. In order to make services available at a rate to which residents are accustomed, the City goes through this transfer process. Only in the last three years has the City been required to show how this money has been moved.

The General Fund is the City's largest fund, and accounts for \$52 million. Approximately \$47 million within the General Fund is new, ongoing money. The Public Safety departments also bring in a fair amount of revenue through the Vineyard contract. Mr. Manning reviewed several other revenue sources, and pointed out that the biggest revenue generator is sales tax. In the upcoming Fiscal Year, Staff has conservatively estimated that the City will bring in approximately \$20 million.

Mayor Brunst asked about a 20 percent to 55 percent bleed-in to the community with regards to sales. Mr. Manning said that while the bleed-in percentage is not as strong as it used to be, Orem is a commercial hub in Utah County.

Mr. Manning stated that the bulk of the General Fund is used for personnel and operational expenses; it is also used for CIPs and fleet replacement. This coming year, just under \$1.5 million will be in new personnel costs. Furthermore, there will be a 3 percent increase for benefitted employees, and 1 percent increase for nonbenefitted employees.

Mr. Spencer said that figures for personnel could flex upwards in order to retain employees. He stated that he wants to safeguard employees. Mr. Davidson explained that Staff assesses personnel every year, and in the event that they need to do something outside of the bounds of the budget, a budget amendment is presented to the Council for review and approval. As of now, Staff feels confident that they have a system that compensates employees fairly and competitively as compared to other cities.

Mr. Macdonald stated that the amount could be allocated flexibly.

Mr. Lentz asked if full-time employees were allocated extra monies as they deemed fit in the same way as part-time employees. Mr. Davidson stated that a department director may allocate personnel funds as they see fit, and explained that employees are rewarded based on performance.

Mr. Manning reviewed several new positions that have been added for the new Fiscal Year. New benefitted positions include:

- Building Inspector
- Fleet Mechanic
- Police Officers (3 new)
- Public Works Management Analyst
- Public Works Technician (Water)
- IT support (Internet)

The Building Inspector has been built into the budget by raising building fees, and the Fleet Mechanic will be funded through utility fees and the General Fund. Mr. Spencer asked if these positions had been filled, and Mr. Manning answered in the negative. He did not know when the new employees would come on board. It was noted that the numbers presented in the budget reflect total compensation and not just salaries.

New nonbenefitted positions include:

- Human Resources Intern
- Development Services Technician
- Planning Intern

Staff anticipates that when the City renews the indigent defense contract they will have additional staffing needs. The attorneys have reached a point where they need more staff support.

Ongoing Operations and Expansions were reviewed as follows:

- Tuition reimbursement program
- In-house trainings
- Paramedic equipment replacement
- Murdock Canal Trail maintenance
- Fleet maintenance
- Road funds for preventative maintenance
- Various projects near Utah Valley University
- Debt service

Mr. Manning noted that while the City does not own the fleet, they are responsible for maintaining the vehicles. He also mentioned that IT has their own fund to meet all of their needs.

The water rates were increased this May, which will be reflected in the final budget. New money coming in will go towards the water capital program for various projects. Mr. Manning explained that water reclamation is ongoing, and that as of July 1st, the previously passed per door fee will go into effect. The City is working diligently to implement the Storm Water Plan, which includes a series of steps. Revenues come from various sources to meet debt service requirements, and General Obligation debt is backed by General Fund sources. Mr. Manning stated that the City is currently paying more principal than interest, meaning they are in the downward slope with their current debt. With regards to the recreation fund, the City is currently seeing a trend where there are more costs than revenues. This is an issue which Staff has discussed at length, and they need to come up with a plan to keep that fund stabilized. The solid waste fund is purely a contract, and the rates are staying the same this year. Mr. Manning then provided a brief overview of the City's self-insurance, risk management, and the community development fund.

Mr. Manning said that he was not planning to address many of the fees, but stated that Staff can address any questions the Council may have. Mr. Hirst said that the rates for the Orem Timpanogos Aquatics Club (OTAC) will increase, to change how pool time is charged. These changes will put them on par with neighboring teams.

Mayor Pro Tem Spencer opened the public hearing. There were no comments, so Mayor Pro Tem Spencer closed the public hearing.

In response to a question from Mr. Sumner, Mr. Davidson explained that the City's Building Inspectors are extremely busy, and often have to run from one project to another. Mr. Macdonald stated that the hiring of a new Building Inspector was discussed for months in various meetings. Tonight's presentation regarding that and other new positions was a simplified overview of more extensive discussions that have already taken place.

Mr. Lentz said that at the Council Retreat, they discussed that UTOPIA was to be a priority. He stated that he does not feel that they have addressed a goal yet, which he would like to be established before voting on the budget. He realizes that budgets can be amended later; however, he expressed concerns that the whole City is paying taxes on a debt for a service that less than half of the City can access. Only about 48 percent of the City is currently eligible to connect, and if that number increased to 70 percent, it would be almost impossible to get a majority of the City on board with the idea of investing more into the project. He would like a long-term plan in place where the UTOPIA and UIA boards are focused on driving business revenue, as well as

getting the houses that are already eligible to connect. The Council should take the responsibility in making the service available to everyone who is paying for the service. From his perspective, the current budget, as it stands, sends a message that the City is moving in the opposite direction. He wanted to make sure that the Council's actions were reflective of their goals.

Mayor Pro Tem Spencer expressed concerns about Orem Youth Baseball and their fees. He has spoken to the football and soccer programs, but has not spoken to the Salt Lake Storm or the Rangers. In total, approximately 87 percent of Orem youth participate in these sports. He stated that while the participation fee was fine for Group 2, he proposed putting Orem Youth Baseball on the same line as Group 2 rather than Group 3. He also stated that he wants to get rid of the field prep fee, and that certain groups are getting a better deal than others.

Mr. Davidson said that tonight the specific conversation is supposed to be about a proposed budget, and if the Council wishes to amend fees within the budget they have the flexibility to do that. However, if the Council wants to modify recreation funding allocations, these actions would need to be taken in a separate process by way of an ordinance.

Mr. Lentz asked if the reason why baseball fees were higher was because the fields required more maintenance, and Mr. Hirst answered affirmatively. The only maintenance required for soccer is to mow the grass; the soccer programs also purchase their own equipment. Orem City provides both field maintenance and labor for Orem Youth Baseball. Mr. Hirst recommended looking at all of the sports fees in a budget amendment in the near future, rather than tonight.

Staff noted that the new sports fees will be assessed next sports season, rather than this year. Amending fees in July is the worst time because they have been advertised as otherwise. Therefore, the City is about a year and a half out from implementing a change.

Mr. Spencer stated that Orem Youth Baseball is the only cosponsored group, and they represent Orem as they go to Region, State and to California tournaments. There was subsequent discussion on how much Orem representation is on those teams.

Mr. Sumner stated with regards to soccer, The Rangers and Celtic Storm are basically 90 percent nonresidents. Their field time infringes upon the field time of community groups, and they are not paying much more than local leagues. Mr. Hirst said that on a participant basis, private organizations pay much higher than the City's recreational programs. However, because they are elite groups, Orem needs to decide whether or not to bump them out of the City. Mr. Sumner said that priority should be given to Orem youth.

Mr. Davidson stated that the direction Staff received was to find a way to make those who use the facilities pay for them. They have approached the matter with the philosophy that there would be a certain discount to local organizations with predominantly Orem youth participants.

Mr. Seastrand said the intent was to find something that was fair all around, and that he would like input from the Recreation Advisory Commission on the matter. He stated that he was comfortable moving forward with the current rates, and reassessing them at a later date. Furthermore, he was favorable of finding a policy that not only covers costs equitably, but also encourages kids to play in a good environment.

Mr. Davidson said that it will be impossible to please everyone when developing a fee schedule. He noted that Orem currently offers the best field rates in the County, as compared to Alpine School District and other cities. There was continued discussion on the matter.

Mr. Seastrand stated that having been on the Council for many years, he remembers the recession era, at which time Orem took a significant hit and had to make sacrifices. When he looks at the budget, he looks at it from the standpoint of long-term sustainability, and whether or not they would be able to address certain matters if there were to be another economic downturn. He asked Mr. Davidson if he feels that the City has developed the basic structure of the City's budget to a point that cuts would make it a serious struggle for them to continue operating.

Mr. Davidson said that there were a few things done in this Fiscal Year budget to soften what potential fall could result in the future, if the economy were to turn in the other direction. For example, at the time of the economic downturn there were several positions that were eliminated because of the decline, particularly in development. However, now that the City has these resources, it becomes necessary to provide enough staffing to meet the demand. That being said, Staff would have to consider the future of these new positions if the economy went south. Mr. Davidson said that the City's Building Inspectors are extremely busy right now. They are about to embark on some significant CIPs, and the new proposed positions are appropriate based on the work load. Positions are funded primarily out of enterprise funds. Furthermore, the City has included \$710,000 in this budget as contingency, which will remain as unallocated funds. If economy goes south, the City still will have this buffer to soften the blow. However, if the economy continues to be healthy, then they can dedicate those funds to additional City priorities. He stated that the majority of the budget is focused on providing core services.

Mr. Seastrand said that he likes how the City has been aggressive in building up reserves. He takes pride in the appearance of the City's Police and Fire Departments. Overall, he feels that the budget is sound, and that they are appropriating the funds to make a significant impact. As a City, they need to keep high alerts with regards to what could happen in the future, and protect taxpayer dollars as best as they can. Mr. Davidson said that when the City went through the last downturn, there was a question as to how they were going to meet their UTOPIA obligation. He stated that they have found a way to meet that requirement with the existing budget, especially if revenues continue to grow. This was not the position that the City was in five years ago.

Mayor Brunst said he would like to see a recreation study as compared to other cities. He commented that the budget was well done, and stressed the importance of building up the City's reserves during good economic times. He was confident that should there be another downturn the City would be able to adjust accordingly. While he does not like the UTOPIA debt, he feels that they are going in the right direction. The Council briefly discussed reviewing fees in an upcoming City Council Premeeting.

Mayor Brunst **moved**, by ordinance, Approving and Adopting a Budget for Fiscal Year 2016-2017, Adopting Compensation Programs, Adopting Fees and Charges, Setting the Property Tax, Franchise Tax, Municipal Energy Sales and Use Tax, Telecommunications License Tax, Transient Room Tax, and E-911 Fee Rates. Mrs. Lauret **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

COMMUNICATION ITEMS

There were no Communication Items.

CITY MANAGER INFORMATION ITEMS

There were no City Manager Information Items.

ADJOURN TO A MEETING OF THE REDEVELOPMENT AGENCY OF THE CITY OF OREM

Mr. Macdonald **moved** to adjourn to a meeting of the Redevelopment Agency of the City of Orem. Mr. Lentz **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed unanimously**.

The meeting adjourned at 8:31 p.m.

Donna R. Weaver, City Recorder

Approved: July 12, 2016